

Annette Kimmitt AM keynote presentation: Regulating the Game conference

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Acknowledgements

I'd like to start by paying my respects to the traditional owners of the lands on which we're meeting, the Gadigal of the Eora Nation. I pay my respects to their elders, past and present, and celebrate their ongoing culture and connections to these lands and waters.

Part 1: How did we get here?

A little over a year ago, when I was asked about having my name put forward for the role of leading what would ultimately become the new Victorian gambling and casino regulator the first thing I did was take myself off to read, cover to cover, the report of the Victorian Royal Commission into the Casino Operator and Licence. It was an absolute page-turner. I couldn't put it down.

I read it three times through and was in equal measures shocked, outraged and enthralled by the story it told of complete governance failures, operational malfeasance, systemic infiltration by serious local and international organised crime, predatory behaviour against some of the most vulnerable, and even standover and bullying tactics caused by the very unequal regulatory position of the regulator versus the casino. In short, the Royal Commission discovered that for many years Crown Melbourne had engaged in conduct that was variously illegal, dishonest, unethical and exploitative—a direct quote from the Royal Commission's Report.

So I read more broadly and became even more enthralled by stories that exposed the very long and deep roots that pubs and clubs and wagering and betting providers have in our political culture and what that said about how powerful these institutions are in Australia. And I learned that the cost of gambling harm in Victoria was conservatively estimated some five or six years ago to be \$7 billion a year.

Media headlines

And I saw that the combined gambling and liquor regulator was under attack in the media as a result of allegations made by former inspectors to the Commission and also as a result of the Bergin Inquiry in New South Wales and of course the Royal Commission in Victoria. These were terrible headlines for any regulator to face. Especially given that the regulator had almost no tools with which to make the regulated entities, in particular the large ones, pay a lot of attention to them.

Independent investigation launched into Victoria's gaming regulator

Victorian gambling regulator in the spotlight after Crown's 'bombshell' money laundering admission

'Wake-up call': Victoria humiliated by NSW Crown casino probe, says ex-minister

Opportunity to be part of a seachange

In general, the various inquiries and Royal Commissions have told very similar stories of under-resourced regulators with limited regulatory powers to act, being set up against multi-billion-dollar organisations that out-lawyered them at every move and used every connection available to them. But what was also obvious was that a sea change was underway—and I was hooked! So I said “count me in”. Even so, I never expected the role to be as interesting and rewarding as it's turned out to be, and I am deeply thankful for my colleagues at VGCCC who have supported me so well in my now-not-so-new-role.

When I shared with my extended family and friends that I was taking on this role they shared with me their outrage over the prevalence of gambling advertising and how this was normalising betting on sport for children and indeed anyone born this millennium. In fact, having people spontaneously share with me how outraged they are over gambling advertising and asking me whether I can just ban it— happens 100% of the time whenever anyone finds out I'm the CEO of the Victorian gambling and casino regulator. And I'm not exaggerating when I say it happens 100% of the time.

In any case, I think what has happened in the last four years in the gambling industry and indeed the issues that are continuing to emerge—will go down in the world of gambling regulation as a series of really interesting case studies on what can go wrong.

A big and broad industry: not just the Casino

A bit of background and a few stats on the gambling industry in Victoria. Until 8 months ago the VGCCC regulated both the gambling and liquor industries. Even though we're no longer also the liquor regulator, the gambling industry is big—in other words it's still a lot of industry and a lot of territory to cover.

We have one casino. It's been operating since 1994. It is the largest casino in the southern hemisphere but it's about the fifth largest in the world.

In pre-covid times, it averaged about 87 000 visitors on the gaming floors on Saturdays.

It employs about 18 000 people—so it is the biggest single site employer in the state of Victoria.

It has its own legislation and an incredibly complex array of regulations, directions, transaction documents and deeds that provide the boundaries within which it's supposed to operate. And it's currently under the oversight of a special manager for its manifest past failings, with the casino operator, Crown, having been found by the Royal Commission to be unfit to hold a casino licence.

In around 10 months, our Commissioners will have the very difficult task of deciding whether there has been sufficient remediation by the casino such that it has returned to suitability. Whether or not Crown Melbourne will retain its licence will be an incredibly difficult decision, which I'll speak a little more about later this morning in the context of the VGCCC's priorities over the coming year.

But the casino isn't the only thing we regulate. There are about 500 venue operators operating EGMs (electronic gaming machines). There's wagering and betting taking place through 700 wagering and betting agents, plus an array of online offerings. There are Victorian bookmakers and key employees who are also regulated, as too are sports controlling bodies like the AFL and Cricket Australia. There's Keno, which has around 600 retail outlets across the state plus online presence. There are public lotteries. There's licensing of about 28,000 gambling industry employees and there are many community and charitable gaming events like raffles and bingo that we also regulate.

So it's a big and broad industry to cover.

Because of the primacy and the attention that's been given to the casino in recent times, we need to re-double our efforts to be attentive to the whole industry, not just the casino, and alert to the issues associated with the casino potentially shifting elsewhere into the industry in Victoria.

We do not want to have another Royal Commission in a couple of years because, for example, we didn't pay sufficient attention to the pubs and clubs.

Legislative change and gambling harm mandate

There's also been significant legislative change, with the government accepting all 33 recommendations handed down by the Royal Commission, including legislating to establish the new standalone casino and gambling regulator in Victoria and some longer-term measures to enforce accountabilities. Those have included the positive obligation for the casino operator to cooperate with the regulator and to prohibit the casino operator from giving false or misleading information. You wouldn't have thought that really needed to be said—but there you go—apparently it did so it's now there in law.

There's also the provision of increased powers for the regulator to obtain information and a substantial increase in the penalties available to us from one million dollars to 100 million dollars per breach by the Casino.

Another key element of change has been to provide the VGCCC with a specific legislative mandate to reduce the harm to individuals from gambling. This is now having quite a profound effect on how we're reconceiving our regulatory approach. But more on that down the track.

Part 2: Reframing our regulatory approach

So the creation of the VGCCC on 1 July last year signified a new chapter for the Commission's role as a regulator now dedicated to gambling and casinos. The most obvious question from such a massive upheaval was 'what should our new regulatory approach look like?'

Unsurprisingly, the old regulator found itself paying more attention to what was the very big or 'high-volume' side of their regulatory mandate which was the 26,000 or so liquor licenses. And that meant that the oversight of the major gambling licence holders was best described as a David and Goliath scenario, with those licence holders and their peak bodies devoting immense resources and political capital to obstructing and obfuscating the regulator.

Now that's not to say there were no regulatory oversight measures or that the measures that were in place weren't always successful—but they were insignificant in the face of the level of arrogance that developed across parts of the gambling industry in Victoria. An industry where players argued for high levels of self-regulation because they represented, so they claimed, world's best practice in managing the dangers known to exist in the gambling industry. And unfortunately they were listened to and believed when they made these claims.

The Royal Commission's recommendation was very clear on the deep structural reform that needed to immediately take place, but it wasn't particularly clear on the approach that the regulator should take other than to be a regulator that focuses on gambling in the state of Victoria.

It was therefore imperative that we rapidly reframed our regulatory approach to deliver on our mandate, now that we were equipped with an appropriate level of legislative authority and focus. The VGCCC needed to be very clear to itself on why it existed, what it needed to accomplish and how it needed to operate.

Transitioning to an activist regulator

As incoming CEO, it was clear to me that I was inheriting an incredibly resilient organisation who had, in fact, acted as well as they possibly could have. But they were more than slightly shell-shocked by the previous couple of years and they needed to be stabilised. We also needed to act quickly because the level of outrage in the community about what had happened was very, very high. So sitting back and thinking we had plenty of time to think about why we existed, what we needed to accomplish and how we needed to operate was not an option for us. We needed to get on with it as quickly as possible.

We used the three months leading into 1 July last year as our window of opportunity to completely reassess all aspects of our organisation, starting with our strategic purpose, and quickly moving on to our regulatory posture and to the sort of culture and operational resources and structure we needed. And together with our Chair, Fran Thorn, and Commissioners, we quickly showed the organisation that the new leadership had an appetite for a much more ambitious, assertive and activist role as a regulator.

Purpose House



We collectively refer to the output of our strategic review as the 'Purpose House'. I will share with you a bit of detail on some of the key elements, including how they're working together to define, guide and impact our regulatory approach and our regulatory decision-making, but the metaphor is intended to illustrate the importance of VGCCC's **Purpose** providing the overarching 'roof' or why in all our thinking and decision-making.

This method of reframing our regulatory approach was also about recognising that our people needed to be the bedrock of the VGCCC and a healthy and strong **culture** would be essential to delivering our Purpose. So this element of our Purpose House makes clear how we expect our people to behave collectively in pursuit of the Purpose.

The **strategic ambitions** frame a 3-year set of goals and plans for the VGCCC to become renowned for casino and gambling regulatory excellence.

A critical aspect of our plan was developing our **industry expectations** and a new **regulatory posture**. These two key elements are serving us incredibly well in guiding our decision making while leaving the industry in no doubt as to our regulatory expectations and stance moving forward.

Finally, the **enabling roadmap** sets out the immediate regulatory and organisational priorities we're focusing on to fully establish the VGCCC and to deliver on our Purpose and Ambitions.

This whole process has really allowed us to define and genuinely unite on the most pressing focus areas for the VGCCC for the ensuing years.

Our Purpose



Our Purpose is proving to be a clear and succinct call to action for VGCCC. **Integrity, safety and fairness** are the essential foundations to ensuring the gambling industry delivers sustainable benefits to Victoria. We have made and continue to make it very clear to our people that if what they are doing in their day-to-day work is not contributing to ensuring the integrity, safety and fairness of the gambling industry, then they need to stop and reconsider what they're doing and why.

Integrity

A gambling industry that has integrity and is free from criminal influence and exploitation is the only sustainable basis for allowing businesses to provide facilities for gambling. But beyond that, a well-regulated gambling industry has to give consumers confidence that licence holders are being held to account to deliver on both their legal *and* social licenses to operate.

Safety

Given our expanded mandate, consumers should also rightly expect the VGCCC to put their **safety** at the centre of all we do. We have therefore committed as an organisation to boldly apply and direct our enhanced powers to ensuring consumers are being protected and kept as safe as possible from gambling harm.

Fairness

Ensuring the gambling industry is **fair** for consumers requires us to take a broader end-to-end perspective across the industry, which starts with ensuring games are designed fairly and that consumers are not being manipulated or unfairly taken advantage of.

The science and technology used by the gaming industry has undergone seismic change in the past 10 years to the point where manufacturers are able to design games perfectly engineered to keep punters in front of screens for as long as possible. But this element of our Purpose also extends, for example, to ensuring fairer geographic distribution of gambling products and that vulnerable consumers or consumers in lower socio-economic areas are not being unfairly targeted.

Purpose as a catalyst for change

In the space of our first 8 months, having such a succinct, aspirational and unified purpose is proving a real catalyst in genuinely emboldening the Commission and our people in their decision making and regulatory efforts. And when you couple that purpose with two other key elements of our reframed regulatory approach, being our statement of **industry expectations** and our new **regulatory posture**, the impact in such a short space of time has been profound.

So let me speak a bit more about our industry expectations and regulatory posture, and then share with you some real examples of how this has been impacting our regulatory approach.

Developing our industry expectations

Developing our expectations of industry was an important part of reframing our regulatory approach so that the industry was clear on what we expected of them. The Commissioners and management worked together to define those expectations, and we've taken every opportunity we could these past 8 months to actively share and discuss and make clear these expectations with our licence holders and with industry peak bodies.

We expect industry participants to conduct themselves and **operate in ways that go beyond their strict legal obligations**, and to operate in ways that are mindful of both the legal and social licenses they have with Victorians.

We expect them to **ensure the integrity of the gambling** industry by:

- acting with integrity and being honest, trustworthy and transparent
- being accountable and cooperative
- understanding their regulatory obligations and asking us if they're unsure
- complying with and upholding the spirit, and not just the letter, of the law
- actively preventing and operating free from criminal influence or exploitation.

We expect industry participants to **minimise the harmful impacts of gambling** by actively protecting the community from those potentially harmful impacts.

Our industry expectations in action

The VGCCC has been proactively leveraging these expectations in reaching decisions, including the Commissioners in tribunal and in attaching conditions to licenses or other approvals.

One of the best examples relates to the Commission's decision last year to grant the major change approval for the casino operator licence in Victoria on Blackstone's acquisition of Crown. As part of that regulatory approval process, we put a lot of thought into how we might ensure the legal arrangements around the approval could be used to better guarantee adherence by Blackstone and Crown to both the Royal Commission recommendations and to the Commission's own heightened expectations of industry.

I have to say, our dialogue with Blackstone was incredibly open. We were able to use the process to have a deep conversation with Blackstone about our expectations and how we would be looking to them to behave. That included a great deal of openness on their part to addressing, in line with our heightened expectations, issues like using legal professional privilege to frustrate the regulator, which the prior owners of Crown and Crown management had been ruthless in using to avoid sharing or providing any information to the regulator.

Blackstone used the process to understand what it was the VGCCC was trying to achieve and we were able to come to a set of arrangements that do indeed gives us much more confidence in the new owner's willingness and intent to adhere to both the Royal Commission recommendations and to the VGCCC's heightened expectations of industry.

Specifically, these industry expectations and Blackstone's and Crown's commitment to adhere to them are explicitly incorporated into a set of deed polls they signed up to, as is Blackstone's and Crown's commitment to having these expectations explicitly incorporated into the board charters for the casino operator.

As I said, we've taken every opportunity we can to actively share, discuss, make clear and embed these expectations with our licence holders and with industry peak bodies, and to also make sure they sit at the centre of the regulatory action we take.

Expectations of ourselves: VGCC regulatory posture

Having defined expectations for the industry, we also needed to set clear expectations for ourselves as a regulator, focused on how we would behave to deliver on our Purpose of ensuring integrity, safety and fairness, and to reinforce our heightened expectations of industry. We felt it was really important that the industry could be clear on how we the regulator committed to behaving and conducting ourselves in different scenarios.

So our **regulatory posture** sets out how we will conduct ourselves across the 4 dimensions of our regulatory activities, being: licensing and other approvals; informing and educating; monitoring and analysing; and enforcement.

Reframing our Regulatory Approach



What you can expect of us

We have a diverse range of engagement, education, compliance and enforcement tools at our disposal to administer schemes, encourage voluntary participation and optimise compliance. We monitor your willingness and ability to meet your legal and social obligations, using a risk-based approach to detect non-compliance, encourage compliance and, when needed, take enforcement action.

Our regulatory approach is based on four principles:



License and other approvals

We assist applicants to understand our expectations of them and their obligations.

We evaluate applicants' ability and willingness to meet these expectations and obligations, using a combination of risk-based and targeted considerations.

We use and analyse intelligence, data and other forms of information, including consultations with a wide variety of stakeholders, to inform our decisions.

We conduct ourselves throughout the evaluation process professionally and are transparent in making clear the reasons for our decisions. We proactively work to reduce 'red tape' and conduct ourselves as efficiently as possible.



Enforce

We conduct ourselves in our investigative processes and the resolution of enforcement matters efficiently and professionally and are transparent in making clear the reasons for our responses.

We ensure that our regulatory responses are proportionate to the risks posed and harm caused by industry participants' failure to meet their obligations, taking into account the conduct of those participants. That includes their level of cooperation, their compliance history, and the extent to which they have proactively taken steps to rectify or remedy issues.

We support those who do the right thing.

We actively pursue and have zero tolerance for those who opportunistically or deliberately contravene their obligations and the law.



Monitor and analyse

We actively monitor industry participants' ability and willingness to meet these expectations and obligations, using a combination of risk-based and targeted approaches to encourage compliance and to detect non-compliance.

We use and analyse intelligence, data and other forms of information to inform and target our regulatory responses and decisions.

We are forward looking, continuously monitoring and analysing future and emerging issues and trends with the potential to impact the gambling industry and the prevalence of gambling harm. We work with industry participants to deepen our understanding of those emerging issues and trends, and with both industry participants and policymakers to ensure the Victorian gambling industry is responding appropriately.



Inform and educate

We assist industry participants to deepen their understanding of these expectations and obligations through education, guidance and other resources.

We also inform and educate the community about our regulatory objectives, our expectations of the Victorian gambling industry and our regulatory approach and posture.

The simple takeaway from our regulatory posture is that we will work constructively with and support those who do or are trying to do the right thing in line with our expectations. However, we're not interested in minimum standards of compliance and we will actively pursue and have zero tolerance for those who opportunistically or deliberately contravene their obligations and the law and who deliberately attempt to frustrate or obfuscate the work of the regulator.

I will share with you some examples of how this regulatory posture has been informing our regulatory response in recent months—but let me first touch on the issue of **culture**.

Creating the right culture

It became clear from the outset of this process that there would need to be a deeply held commitment within the organisation to behaving in ways that would be quite different to what had historically been the case. We couldn't just express platitudes about what we expected of the industry and ourselves. Our Purpose, industry expectations

and regulatory posture couldn't be something we just put out there and then walked away from when push came to shove and it all got a bit complicated or adversarial.

We had to know that the organisation—that our people—believed in these things, that they would act on them and that they would do so safe in the understanding that the Commission would support them and back them. In other words, successfully re-establishing ourselves as a regulator relies heavily on creating the right **culture** to enable our Purpose and regulatory posture.

My observation as the new CEO, was that the organisation had a deeply embedded and strong culture. It was one of the first things you noticed about the VGCCC when you walked in there.

This was a group of people who were incredibly dedicated to what they do—to working together and encouraging and supporting each other; to treating people with respect; to acting with integrity and to being accountable for their actions and delivering on commitments.

That said, there was a fearlessness and assertiveness that needed to be injected into the culture if we were going to genuinely deliver on our Purpose and new mandate moving forward. So we worked to adapt the existing embedded values and add a fifth value of acting with courage and confidence. It speaks to the conviction to apply the VGCCC's new mandate and powers, when required, without hesitation.



This led to a lot of internal discussion about what courage means, and some concern that this could create a more dangerous environment for staff by expecting them to put themselves on the line in ways that they'd been historically constrained from doing. So we had to work through that. We needed people to believe it was okay to act with greater courage and confidence and that they would be actively supported by leadership.

We also needed to get agreement on the idea of courage and confidence not just being about acting against or on the industry. It's also about having the courage and confidence to ask questions about what we do, why we do it and how we do it and to ask whether what we are doing is in fact leading to greater integrity, safety and fairness for all.

Now you know what they say about actions speaking louder than words when it comes to culture change! So the Commissioners and management agreed, from the outset, that we needed to be absolute and resolute in each of us role modelling courage and confidence in everything we did and in guiding, directing and supporting the regulatory approach and activities across the organisation.

That has also meant going out of our way to stand with and encourage our people to act with the necessary courage and confidence.

Bringing it all together

So let me now turn to some examples of how our Purpose, industry expectations, regulatory posture and focus on being more courageous and confident are working together to drive more impactful regulatory outcomes. Some of the more obvious examples are highlighted in the headlines below.

Melbourne's Crown casino fined \$120m for breaching Victorian gambling laws

Crown Melbourne fined \$80m over China Unionpay investigation

The disciplinary actions we've taken against Crown for serious and illegal misconduct related to the China Union Pay Process, and to their abject failings in the responsible service of gaming have seen us issue Crown Melbourne \$200 million in fines in less than a year. But we've also issued directions and new rules for Crown aimed at reducing harm by, for example, ensuring Crown can't reintroduce programs like their Red Carpet and Bingo programs, which targeted at-risk and vulnerable segments of the community, like the elderly.

I've already touched on the impact this all had on our approach to providing regulatory approval to Blackstone but the impact goes well beyond just how we're approaching the casino.

A message to whole gambling industry

Following on from the Commission's decision to fine Crown \$120 million for its RSG failings, we took the opportunity to proactively communicate and engage with all licence holders in Victoria and their peak bodies, urging them to read the Commission's reasons for decision because it contained very clear messages indeed it sounded a clear warning—to all in the industry that we expect them to do everything they can to minimise the harmful impacts of gambling, that the VGCCC will be resolute in pursuing our new requirement to regulate for harm minimisation, and that we will not tolerate any misconduct that exposes our community to increased risks of gambling related harm.

Three charged over alleged \$4.7m money laundering scheme involving pokies

We acted with AUSTRAC and the Federal Police in the second half of last year in a series of raids that exposed an alleged money laundering ring operating out of a large club in Melbourne's south-eastern suburbs. The legal process following that raid is still in train, but we've extended that work to also be actively investigating a number of other venues where our monitoring has thrown up red flags linked to potential money laundering on a sizable scale.

The deterrent effect of that raid had a significant impact on those other targets we're looking at—it's amazing how their cheque issuing activities suddenly changed in the months since the raid. The raid also exposed to the industry itself that the very good practices their peak bodies had been asserting for so long might best be described as 'the emperor having no clothes'. As a result, we're now seeing a new interest by those peak bodies to work more closely with us on improving practices across the industry, especially those related to minimising harm and to eliminating criminal exploitation and influence.

We've hit ALH, Australia's largest poker machine operator with 62 charges for allegedly operating 220 gaming machines for up to five weeks without having the mandatory pre-commitment technology (YourPlay) installed. Again, that sent a clear message to the industry and saw a few things happen.

ALH charged after alleged failures to minimise gambling harm

First, it emboldened our own team to proactively reach out to the Victorian EGM monitor, Intralot, to work together to develop improved monitoring and reporting of YourPlay connections across the state for all EGMs. And what that showed us was systemic non-compliance across Victoria with the mandatory requirement to have all EGMs connected to YourPlay. So our team ran an education campaign for venues and are also working with Intralot to provide all venue operators with access to real-time reporting to check and validate their compliance—but in the end there's no helping some who simply don't take the hint. Ignoring our outreach resulted in one venue operator in Melbourne's eastern suburbs having its entire gaming room shut down until they could validate full compliance with the mandatory requirement to offer YourPlay on all EGMs. It's interesting how quickly their claims that it would take weeks to get the necessary parts and technicians turned into getting it done in three days after we shut down the gaming room!

Emboldened efforts

It's also clear that our own inspectors are feeling more emboldened. They've been conducting a series of blitzes across the pubs and clubs and have been uncovering and actively elevating a range of patterns of behaviour that, in the past, they may not have elevated. So we're encouraging them to keep doing this particularly when it comes to gambling harms.

Our inspectors also ran, for the first time as far back as any of them can remember, a campaign that had them trackside and in gaming venues across Victoria to target high-harm breaches during the Spring Racing Carnival. We launched the Spring Racing Carnival campaign with an education focus targeting all bookmakers and Tabcorp, and sending very clear messages about what we expected of them when it came to preventing gambling harm and betting by or on behalf of minors. We also made it clear that we would be monitoring and inspecting gaming venues through the carnival to ensure electronic betting terminals and gaming machines were being properly supervised

Once we had warned bookmakers and Tabcorp that we would be watching, we made it clear that we would not shy away from taking strong disciplinary action and would have zero tolerance if we found deliberate breaches.

VGCCC to Regulate Betting During the Spring Racing Carnival

And I'm incredibly pleased to say that the industry stepped up brilliantly during the carnival—at both regional and metropolitan meets and venues—and that high-harm breaches were as close to zero as we could have hoped for.

We've also seen our people become far more emboldened in their interactions with all major licence holders and in their thinking about things like how to better embed harm minimisation and AML requirements into, for example, various technical standards.

They've been emboldened to put more pressure on our monitoring licensee, Intralot, to do more to ensure we have access to real-time data and red flag reporting that will allow us to more proactively respond to signs of potential money laundering.

Stricter conditions on EGM entitlements

And importantly, we've seen our Commission in Tribunal send very clear messages to venue operators about our expectation that they step up and do more to actively prevent gambling harm and to meet the obligations imposed on them by virtue of holding EGM entitlements. For example, the Commission has ordered EGMs be turned off because venue operators have failed to deliver on conditions attaching to them being granted those EGM entitlements. And they've also raised the bar on venue operators by attaching more stringent harm minimisation and community contribution conditions to applications for additional EGM entitlements.

These are just a few examples, but the point is each one builds on the other and sends a very powerful message to our people and to the industry that the regular work and decision-making of the Commission and the organisation draws on our Purpose, regulatory posture and industry expectations. We are having active conversations about whether and how our activities or decisions match what we say about ourselves and about our expectations of the industry and we are actively encouraging ourselves to act with greater courage and confidence.

Where to from here?

So where to from here? We've set ourselves the strategic ambition to become renowned for regulatory excellence. Importantly, we've defined regulatory excellence in our context to mean that we want to become renowned:

- for protecting people from being harmed by gambling
- for ensuring a fairer gambling industry and better-informed consumers
- for keeping the industry free from criminal influence and exploitation
- for holding accountable those we regulate to deliver on both their legal and social licences with the community
- for continuously improving gambling regulation
- for decision making that is grounded in independence from those we regulate.

Priorities over the next 12 months and beyond

So unsurprisingly, our priorities over the next year, and frankly beyond, are grounded in ensuring we achieve these outcomes for the community. Those priorities therefore represent a mixture of:

- internal reforms in the way we work and operate, especially around our regulatory capabilities and methodologies, and our use of technologies, data and AI to become much more risk-based and intelligence-led in our regulatory activities
- reforms in the way we interact with the broader industry and the community
- preparing for the Crown Suitability decision at the end of this year
- reforms to become more activist in pre-empting and responding to emerging policy and industry issues.

While I'm not going to have time to set out every single one of our priorities, I will touch on a few of the key ones you may find interesting, and then wrap up by talking a bit about what we see as some of the key emerging policy and industry issues that, together with colleagues in other jurisdictions, we'd like to put effort towards driving reform.

Internal reforms in the way we work

When it comes to internal reforms in the way we work and operate, there are two main but interconnected priorities that I think are most worth calling out.

The first is a fundamental, end-to-end review and evolution of all our regulatory frameworks, methodologies, processes and practices, across all four dimensions of our regulatory activities. That means it covers all of our frameworks, methodologies, processes and practices across our licensing and other approval activities; our activities aimed at informing and educating; our monitoring activities; and our enforcement activities.

And we're going to be evolving these things for each segment of the industry we regulate. As I said at the outset, it's a big and broad industry to cover, and no single regulator can be in all places at all times. That means we need our frameworks, methodologies, processes and practices to reflect leading-edge contemporary approaches to being a risk-based and intelligence-led regulator and to ensuring they incorporate our mandate to minimise gambling harm.

This is going to be critical to our ability to more deeply and systematically understand the extent to which industry participants operate with integrity and are safe and fair, and to drive them to do better.

This is a multi-year program of work, which is also inextricably linked to, and will be enabled by, a far-reaching digital transformation for the organisation. That transformation includes us making major investments in new regulatory applications that will, for the first time, provide us with a single, end-to-end view of those we regulate. And it also includes major investments in our data strategy and architecture, and in leveraging deep expertise in analytics and AI to start to gather real-time and predictive insights and intelligence to inform our regulatory activities and areas of focus.

Reforms in the way we engage with the broader community

In terms of reforms in the way we interact with the broader industry and the community, there are again two priorities I think are worth calling out.

The first is taking a much more proactive approach to engaging with the broader community in developing and rolling out resources to support better-informed consumers. Historically the regulator's focus on education was delivered to the industry. We think taking a more direct route to engaging with and informing consumers will expand our ability to better regulate through consumer feedback and intelligence and will enable us to more actively support harm minimisation.

So this priority is about creating a suite of resources for consumers, establishing a regular communications cadence and embedding a consumer education mindset into the VGCCC's day-to-day activities. In doing this, we are collaborating with the Victorian Responsible Gambling Foundation to maximise impact, and our first-wave of focus is on developing a suite of resources to help consumers better understand their rights—including first point complaint and resolution processes—and to also help them to better understand the obligations on licensees, especially when it comes to protecting consumers from gambling harm.

We'll be aiming to run a series of campaigns to raise awareness and direct consumers to these resources over coming months.

Own motion inquiries

The second priority I thought you might be interested in when it comes to how we interact with the broader industry and community is the Commission's intention to institute an ongoing program of own motion inquiries. The VGCCC has the power to conduct an inquiry in any manner the Commission considers appropriate, and this includes the ability to launch 'own motion' inquiries.

Running own-motion inquiries will allow the Commission to consider a wide range of issues related to gambling and gambling harm that are of particular risk or strategic importance, or where a systemic issue has been identified. How each inquiry will be carried out is likely to depend on the scope and purpose of the inquiry, and the Commissioners would have discretion to publish their report depending on public interest considerations.

The objective of any reports would be to inform the public, encourage public debate, educate industry and assist with policy considerations by government. The inquiries might also lead to follow up monitoring or enforcement activity by us.

Purely by way of example, topics that could be examined as part of an own-motion inquiry by the Commission could include things like:

- money laundering vulnerabilities in Victorian pubs and clubs
- play periods in Victorian gaming venues
- Electronic Betting Terminals and the risk of minors using them.

Preparing for the Crown Suitability decision

Let me touch on what is perhaps one of our highest profile priorities, and that is preparing the Commission to make the Crown Suitability decision at the end of this year.

In early-2024, the Commission is required to determine whether Crown Melbourne is a suitable person to continue to hold its casino licence, and whether it is in the public interest that Crown Melbourne's casino licence should continue in force. Unless the Commission is clearly satisfied on the issues of suitability and public interest, the Melbourne Casino Licence is automatically cancelled.

So the VGCCC has established a special project to prepare for the suitability determination and that project has two main parts.

Decision framework

The first is developing a decision framework for the Commission to make its suitability determination. The Commission is tightly constrained by the legislation in what it can have regard to when making its decision. So developing the decision framework is a critical component of the project.

Plan B

But the second part of the project—the part we often refer to as plan B—is to prepare for the possible cancellation of the casino licence—and that means ensuring we can secure continuity of casino services in the event Crown's licence is cancelled. So plan B includes pre-emptively identifying an appropriately qualified person or persons to manage the casino in the event that the current licence is cancelled. It also includes ensuring we have a fully developed transition out plan agreed with Crown Melbourne ahead of the Commission's suitability determination.

Let me be clear that in undertaking this work, the Commission has made no pre-judgment on suitability or the public interest. The purpose of plan B is to prudently plan for all eventualities and to ensure the continuity of casino services in Melbourne, in the event of cancellation.

Emerging policy and industry issues

And finally, let me say a few things about some of the emerging policy and industry issues that, together with colleagues in other jurisdictions, we'd like to put effort towards driving reform.

While we understand that policy development sits with government, the VGCCC wants to be more forward looking and proactive in understanding the spectrum of emerging policy and industry issues and their impact. We want to take a more activist approach in identifying the potential legislative and regulatory options that may be beneficial to addressing those issues and impacts—and we're keen to partner and collaborate with colleagues in other agencies and other jurisdiction to do this.

So right now, what are some of those issues? And this is by no means an exhaustive list.

Cashless gaming and mandatory pre-commitment

The first links the emerging debate and issues associated with cashless gaming—sometimes referred to as mandatory carded play, which offers a means of minimising the risks of money laundering—and mandatory pre-commitment by players, which offers a means of minimising gambling harm.

In Victoria we have already legislated mandatory carded play and mandatory pre-commitment for the Casino as a result of the Royal Commission's recommendations. So we're now working with Crown to ensure mandatory carded play and mandatory pre-commitment are implemented for all EGMs in the Casino by December this year, and for all other games, including all table games, by December 2025.

In effect, we have a live trial covering a couple of thousand EGMs kicking off shortly, and we're keen to leverage our experiences in working with Crown on mandatory carded play and mandatory pre-commitment to help inform potential legislative and regulatory reforms in addressing money laundering and gambling harm risks more broadly. It will also provide us with insights into any unintended consequences such as whether the frictionless nature of cashless gaming potentially leads to higher losses or more gambling intensity, and whether cashless play on its own needs to have other supporting policies in place to manage for this sort of a possibility.

Online gambling

Other emerging issues that are concerning us relate to online gambling, which carries significant risk of gambling harm and is complex to regulate. The risks of harm that accompany the ability to bet and lose money immediately and continuously, at all times of day and night, on seemingly endless outcomes and without needing to travel to a venue are exacerbated by an environment that is both highly competitive and profitable. This has created conditions in which providers are incentivised to develop and offer products that intensify harmful gambling.

Unless it's firmly regulated, the online gambling environment will increasingly enable operators to unfairly target people, especially those who are vulnerable to harm.

So we're keen to work with our colleagues in other agencies and jurisdictions to explore reforms to prevent the normalisation of this sort of gambling, particularly among children, and to establish thresholds and processes for gambling providers to identify and intervene when customers exhibit signs of harm and to strengthen restrictions on risky inducements.

Gambling advertising

And a word on advertising. The VGCCC regularly receives (as do I personally) complaints about the prolific level of gambling advertising, especially during sporting events or programs popular with families. Complaints describe the advertising as incessant and not aligned with community expectations about exposing children to gambling products. We think this demonstrates a clear need for increased restrictions. Again, we are keen to work with our colleagues in other agencies and jurisdictions to explore reforms in this regard.

Conclusion

More to be done

Let me close by saying that 8 months into our life as a standalone casino and gambling regulator, we are nowhere near having achieved our Purpose of ensuring integrity, safety and fairness for all—and we're also nowhere near having transformed ourselves and our capabilities to where they need to be to deliver on our regulatory ambitions.

We're an organisation that has been highly criticised but the organisation has absorbed that criticism, looked at what it needs to do and embarked on the process of reform and deriving value from the crisis of confidence that it experienced.

I have no doubt that we'll continue to be criticised for one reason or another. But we have no intention of being criticised for having missed an opportunity to act with greater courage and confidence to make sure that our Purpose of ensuring integrity, safety and fairness in the gambling industry is achieved.

Thank you.